Personal Income Tax

Accounting & Finance

How an individual's tax is computed, in structure.

The computation in structure.

1. **Total the income**
   Employment, self-employment, property, savings, dividends.

2. **Deduct allowable reliefs**
   Pension contributions and other deductible items.

3. **Apply the personal allowance**
   A tax-free band, often withdrawn at higher incomes.

4. **Apply the rate bands**
   Each slice of income taxed at its band rate.

5. **Deduct tax already paid**
   Withholding at source and payments on account.

Educational reference. This is structure only — rates, allowances and rules are jurisdiction-specific and change yearly.